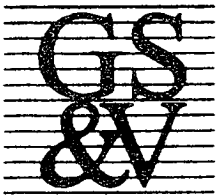


**TOWN OF MILLSBORO**  
**AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**



**GRABOWSKI, SPARANO & VINCELETTE**

CERTIFIED PUBLIC ACCOUNTANTS  
1814 NEWPORT GAP PIKE  
WILMINGTON, DELAWARE 19808

TELEPHONE (302) 999-7300

TELEFAX (302) 999-7183

THOMAS J. GRABOWSKI, CPA  
JOSEPH C. SPARANO, CPA  
CHARLES J. VINCELETTE, CPA

MEMBER AMERICAN INSTITUTE OF CPA'S  
DELAWARE SOCIETY OF CPA'S

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Town of Millsboro  
322 Wilson Highway  
Millsboro, Delaware

We have performed the procedures enumerated below, which were agreed to by the Town of Millsboro, State of Delaware's Office of the Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer, solely to assist the specified parties with respect to determining the Town's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2008. The Town of Millsboro's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

1. Complete the State of Delaware Office of Auditor of Accounts municipal grants agreed-upon procedures program to determine the Town of Millsboro's compliance with applicable laws, regulations and financial reports related to municipal grant funds received for the year ended June 30, 2008 and detail any instances of noncompliance.

The Town of Millsboro received municipal grant funds under the following programs for the year ended June 30, 2008:

Municipal Street Aid  
Police Pension  
State Aid to Local Law Enforcement  
Emergency Illegal Drug Enforcement

**FINDING NO. 08-1** During completion of the Town of Millsboro's program checklist for the municipal street aid grant, it was noted that although seven (7) individuals are authorized to sign checks on the Town's bank accounts, including the Municipal Street Aid bank account, only the Treasurer was bonded for the period under review. In accordance with 30 Del. C. §5165(b)(1), all municipal employees authorized to expend municipal street aid funds should be bonded in an amount as may be required by the charter of the municipality. Town administrators were not fully aware of the bonding requirements related to Municipal Street Aid funding. Failure to comply with the provisions of the Delaware Code relating to the administration of grant funds may affect future funding.

**RECOMMENDATION** The Town should consider limiting the number of individuals authorized to expend town funds, and ensure that those who are authorized, be bonded in accordance with 30 Del. C. §5165(b)(1).

#### **TOWN'S PLAN FOR CORRECTIVE ACTION**

*The Town has directed accounts payable and the Town Council, that all checks issued from the Municipal Street Aid bank account must have the incumbent bonded Treasurer as one of the two authorized signatures. Accounts payable has been directed not to mail any checks that have not been signed by the Treasurer. Additionally, the Town will study the feasibility of limiting the number of individuals who are authorized to sign the Municipal Street Aid bank account checks.*

**FINDING NO. 08-2** During completion of the Town of Millsboro's program checklist for the Police Pension Funds, it was noted that the annual registration for police pension fund benefits was to be received by the State Treasurer's office by April 1, but due to administrative oversight, was not received until April 14, which is not in compliance with 18 Del. C. §709(a). Failure to comply with the provisions of the Delaware Code relating to the administration of grant funds may affect future funding.

**RECOMMENDATION** The Town should establish a written schedule to ensure the annual registration for police fund benefits is submitted to the State Treasurer's office on a timely basis.

#### **TOWN'S PLAN FOR CORRECTIVE ACTION**

*The Town has set up a shared calendar system through its web server. The shared calendar "Filings & Reports has been created and is being populated with all known critical dates. The system has been programmed to send email reminders two weeks prior to the critical date to the responsible party. The Town's Utility Clerk administers the system.*

2. Address the status of any findings and recommendations disclosed in previous reports.

**FINDING NO. 05-1** During completion of the Town of Millsboro's program checklist for the municipal street aid grant, it was noted that their financial documents and transactions were administered in accordance with the applicable laws and regulations, and that their financial report was submitted timely to the Office of the State Treasurer, but the financial report was not accurately prepared or reviewed [30 Del. C. §5165(b)(2)]. The interest income earned on the municipal street aid funds was understated by \$6.00 on the annual report and the actual total expenditures were understated by \$6.00 on the annual report. The accurate preparation of the annual report is an important requirement of the grant.

**CURRENT STATUS** The Town of Millsboro's financial report for the Municipal Street Aid grant was accurately prepared for the current year.

**FINDING NO. 05-2** During completion of the Town of Millsboro's program checklist for the State Aid to Local Law Enforcement (SALLE), it was noted that an application submitted to the Department of Public Safety was late for a SALLE grant. The application submitted was required to be filed by January 31, 2005 [SALLE Manual, Chapter III]; however, the application was filed in February. The timely preparation and application of the financial reports is an important requirement of the grant. The delinquent filing of the application could prevent the Town from receiving funds in a future year.

**CURRENT YEAR STATUS** The Town of Millsboro's application to the Department of Public Safety for SALLE grant funds was timely filed for the current year.

**FINDING NO. 05-3** During the completion of the Town of Millsboro's program checklist for the Emergency Illegal Drug Enforcement (EIDE), it was noted that the application submitted to the Department of Public Safety was late for the grant. The application submitted was required to be filed by January 31, 2005 [EIDE Manual, Chapter III]; however, the application was filed in February. The timely preparation and application of the financial reports is an important requirement of the grant. The delinquent filing of the application could prevent the Town from receiving funds in a future year.

**CURRENT YEAR STATUS** The Town of Millsboro's application to the Department of Public Safety for EIDE grant funds was timely filed for the current year.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express

such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Millsboro's management and council members, the State of Delaware's Office of Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Wilmington, Delaware  
December 30, 2008

*Grabowski, Spiano*  
*Vincellette, CPA's*